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[1](#)1. (SBU) National Summit Undertakes Ambitious Agenda

On January 28, President Fernandez kicked off the "Summit of National Unity to Confront the International Crisis" that will discuss a broad range of challenges facing the country over a six month period. During the month of February, seven working groups made up of representatives of the private and public sector as well as labor and social organizations will discuss proposals to address the following themes: economy and competitiveness; employment and social policy; public security; electricity and hydrocarbons; institutional consolidation; territorial development; environment and; migration and borders. The government is reviewing the over 700 proposals put forward by the working groups to determine which are feasible and can be implemented this year, which is the stated goal of President Fernandez. The first phase of the summit process is scheduled to end on February 27, Independence Day, when the President is expected to present a set of agreed upon actions to Congress. A second phase would then begin to create a national strategic plan for development. Comment: Fernandez is seeking political unity as the country faces the international economic downturn, and is likely to make concessions to critics to ease political pressure on the Palace. He has generated significant enthusiasm for the summit process and most key groups are participating, with the exception of some NGOs, who organized an "Alternative Summit," and the PRD party (see next paragraph). However, even one of the summit's organizers, Monsignor Agripino Nunez, has acknowledged the weak record of follow through after other national summits. Respected commentator Juan Bolivar Diaz also noted that the summit

conveniently changes the national conversation from three issues that hurt the President in December -- the Baninter and Plan Renove pardons, the Supreme Court's Sun Land ruling, and a scandal involving the Chamber of Accounts (ref A).

12. (C) PRD Deadlock Over National Summit Is Latest Example of Weak Opposition

The PRD party, leaders of the opposition, has at least three main factions, led by former President Hipolito Mejia, 2008 presidential candidate Miguel Vargas Maldonado, and a group of officials who believe the party cannot regain power with either man at the helm. Luis Abinader, a senior party VP, told POLCHIEF that at a recent party meeting a consensus position on the Summit looked achievable, but that Vargas attempted to push through a statement without proper debate and a stalemate ensued. Bolivar Diaz was also critical of Vargas, writing that the former Public Works Minister's early announcement of his candidacies for the 2012 presidential nomination and the party presidency has resulted in an ad hoc alliance of "anyone but Vargas." After much wrangling, Vargas and Mejia met privately and the party issued a position statement on February 2, five days after the start of the Summit. They set a series of conditions for their participation, which effectively amounted to a boycott of the process. Comment: Factionalism has contributed to the PRD's electoral defeats by large margins in 2004, 2006, and 2008. The cartoonist for the daily Diario Libre summed up the situation well. He portrayed Dominican everyman Diogenes asking PRD leaders, "How are you going to solve the country's problems if you can't solve your own party's problems?,"

while President Fernandez looks on with a smile and contemplates running for a third term.

13. (C) Customs Not Implementing CAFTA-DR Tariff on U.S. Origin Vehicles

As of January 1, the tariff on U.S. origin imported vehicles should have been reduced to 5 percent as required by CAFTA-DR. However, according to the Assistant Director of Customs for Technical Affairs, Eduardo Rodriguez (please protect), the Director General of Customs Miguel Cocco does not want to apply the new tariff rate. Rodriguez told a USAID contractor, who is assisting the GODR to implement CAFTA-DR, that the Customs Department has an oral agreement with the Association of Vehicle Importers to reduce the import value of vehicles, which results in an effective lower import tariff than the tariff applied to the real value. However, when the CAFTA-DR tariff dropped to 5 percent on January 1, the tariff rate fell below the most favored nation tariff being applied to the lower import value that had been agreed upon. Therefore, Rodriguez said, Cocco does not want to implement the new tariff rate despite recommendations from his staff that it should be enforced. The Embassy has not received any complaints from vehicle importers. In January 2008, the IMF reported a systematic undervaluation of imports by the GODR in 2006 and 2007 (ref B) and insisted that the DR request technical assistance from the World Customs Union in order to implement proper valuation procedures. However the IMF stand-by agreement ended in January 2008, thus removing the IMF's authority to ensure that corrective measures were taken.

14. (C) Fernandez on Drug Corruption: Rhetoric or Reality?

In a January 29 speech at a promotion ceremony for the armed forces, President Fernandez spoke out against drug corruption. Addressing senior officers, he said, "Narcotrafficking has permeated the military institutions of the Dominican Republic, and that is something that we cannot allow. Look after yourselves, protect yourself from it, and protect the Republic." The January 29 remarks follow comments made by Fernandez in a December 7 address to the nation, in which he said, "(The Navy) should drastically sanction and make an example of any person, civilian or military, regardless of rank or condition, that has any participation, direct or indirect, with (narcotrafficking).... Zero tolerance." Comment: The President has made his rhetorical position clear. We are now watching the traditional February 27 presidential shuffle of

officers for a sign that Fernandez will match his words with action by firing corrupt officials.

15. (U) IPR Training Leads to Police Crackdown on Pirated CDs
Since the beginning of the year, the Police and the National Copyright Office (ONDA) have been successfully working together to conduct anti-piracy operations in Santo Domingo and throughout the country. The press has widely reported on the successful law enforcement operations which have included the confiscation of pirated CDs and DVDs, as well as CD burners and other equipment. The Police have arrested more than 40 people in raids over the last month including street sellers and people videotaping movies in theaters. According to Police officials, the raids are the direct result of a USG-funded IPR workshop held in December 2008 which helped create a strategy to address IPR crimes (ref C). The Director of ONDA, Dr. Marino Feliz, told Econoff that he is committed to working to improve coordination with the Police and the Attorney General's office to strengthen IPR enforcement which has been relatively weak. So far this year they are off to a good start.

16. (U) Santo Domingo Metro Opens

On January 29, the Santo Domingo metro system was officially opened by President Fernandez. The metro runs North-South through the capital covering 14.5 km with 16 stations. The GODR estimates the total cost to have been USD 700 million, although due to lack of transparency, the real cost may never be known. The fee for a one-way trip is 20 pesos, approximately 55 cents. There is widespread public support for the metro system despite criticism by donor countries and others regarding the high cost to build and sustain the system, and the fact that it is not expected to alleviate traffic congestion. President Fernandez is moving ahead with plans to build a second metro line running East-West across the city despite the current budget crisis facing the Government.

BULLEN